

COUNTY OF SAN BERNARDINO
CALIFORNIA
SPECIAL DISTRICTS
AUDIT REPORT
COUNTY SERVICE AREA NO. 60
APPLE VALLEY AIRPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Prepared by:

Internal Audits Section
Office of the Auditor/Controller-Recorder
September 27, 2006

County of San Bernardino Special Districts
County Service Area No. 60
Apple Valley Airport

Table of Contents

	Page
Independent Auditor's Report	1-2
<i>Proprietary Funds</i>	
Statement of Net Assets	3
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	4
Statement of Cash Flows	5-6
Notes to the Financial Statements	7-16

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Independent Auditor's Report

September 27, 2006

John William Ingraham, Director
Department of Airports
825 East Third Street, Room 203
San Bernardino, CA 92415-0831

**SUBJECT: AUDIT OF COUNTY SERVICE AREA NO. 60 – APPLE VALLEY
AIRPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of County Service Area No. 60 – Apple Valley Airport for the fiscal year ended June 30, 2006.

Auditor's Report

We have audited the accompanying financial statements of the business-type activities of the County of San Bernardino Special District County Service Area No. 60 – Apple Valley Airport (CSA), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2006. These basic financial statements are the responsibility of the CSA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the CSA as of June 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

The CSA has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:

Howard M. Ochi, CPA
Chief Deputy Auditor

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County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Net Assets
June 30, 2006

	<u>Enterprise Fund</u> <u>Airport</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,962,268
Other receivable	13,029
Taxes receivable	110,484
Interest receivable	38,443
Grant receivable	258,809
Total current assets	<u>4,383,033</u>
Noncurrent assets:	
Other receivable	181,095
Capital assets:	
Land	3,076,135
Construction in progress	28,723
Improvements to land	5,106,429
Structures and improvements	6,392,202
Equipment and vehicles	403,539
Less accumulated depreciation	<u>(2,937,908)</u>
Total noncurrent assets	<u>12,250,215</u>
Total assets	<u><u>\$ 16,633,248</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 519,262
Salaries and benefits payable	18,083
Retentions payable	174,714
Due to other government	573,867
Deferred revenue	20,979
Total liabilities	<u>1,306,905</u>
NET ASSETS	
Invested in capital assets, net of related debt	12,069,120
Unrestricted	<u>3,257,223</u>
Total net assets	<u>15,326,343</u>
Total liabilities and net assets	<u><u>\$ 16,633,248</u></u>

The notes to the financial statements are an integral part of this statement.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2006

	<u>Enterprise Fund</u> <u>Airport</u>
OPERATING REVENUES	
Charges for services	\$ 189,773
Total operating revenues	<u>189,773</u>
OPERATING EXPENSES	
Salaries and benefits	487,367
Professional services	115,879
Services and supplies	239,913
Utilities	75,476
Rents and leases	28,730
Depreciation	<u>312,372</u>
Total operating expenses	<u>1,259,737</u>
Operating Income (Loss)	<u>(1,069,964)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	174,203
Property taxes	1,338,385
Other taxes	236,181
State aid	35,417
Federal aid	993,230
Other nonoperating revenues	<u>15,456</u>
Total nonoperating revenues (expenses)	<u>2,792,872</u>
Change in net assets	1,722,908
Total net assets - beginning	<u>13,603,435</u>
Total net assets - ending	<u><u>\$ 15,326,343</u></u>

The notes to the financial statements are an integral part of this statement.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

	<u>Enterprise Fund Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 196,410
Payments to employees for services and benefits	(507,678)
Payments to suppliers for goods and services	<u>(358,962)</u>
Net cash provided (used) by operating activities	<u>(670,230)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Taxes received	1,548,032
Grants received	1,370,886
Other revenue	<u>15,456</u>
Net cash provided (used) by noncapital financing activities	<u>2,934,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments related to the acquisition, construction and improvement of capital assets	<u>(4,583,288)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,583,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>174,976</u>
Net cash provided (used) by investing activities	<u>174,976</u>
Net increase in cash and cash equivalents	(2,144,168)
Cash and cash equivalents - beginning	<u>6,106,436</u>
Cash and cash equivalents - ending	<u><u>\$ 3,962,268</u></u>

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006**

Enterprise Fund
Airport

**RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES:**

Operating income (loss)	\$ (1,069,964)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	312,372
Decrease in salaries and benefits payable	(20,311)
Increase in deferred revenue	5,283
Increase in accounts payable	27,626
Decrease in fixed assets	<u>74,764</u>
Net cash provided by operating activities	<u><u>\$ (670,230)</u></u>

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County Service Area No. 60 – Apple Valley Airport (CSA) – is a special district located within the County of San Bernardino. The CSA has governmental powers as established by the San Bernardino County Government Charter (County). The County was established in 1852 as a legal subdivision of the State of California.

The CSA was established by an act of the Board of Supervisors of the County of San Bernardino on December 19, 1966 to provide airport service to the Town of Apple Valley. Currently, the CSA administers control and staffs the airport, funding the operation and maintenance of the Apple Valley Airport. There is not an advisory commission for the CSA.

The CSA is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the County has the ability to impose its will on the organization, or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of County Service Area No. 60 and are not intended to present the financial position of the County taken as a whole.

Measurement focus, basis of accounting, and financial statement presentation

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the CSA enterprise funds is charges to customers for rental of hangars and other leases. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer to increase interest earnings through investment activities.

Investment activities are governed by the California Government Code Sections 53601, 53635, and 53638 and the County's Investment Policy. Authorized investments include U. S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements, and reverse repurchase agreements.

Interest income, and realized gains and losses earned on pooled investments are deposited quarterly to the CSA's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value as of June 30, 2006.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Receivables and payables

All receivables are shown net of an allowance for uncollectibles when applicable.

Property taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties on August 31.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one (1) year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and improvements	5 – 45
Equipment and vehicles	6 – 15

Deferred Revenue

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are recorded on the basic financial statements as deferred revenue. The CSA has deferred revenues of \$20,979 from rents and concessions at June 30, 2006.

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Net assets

Net assets comprise the various net earning from operating and non-operating revenues, expenses and contribution of capital. Net assets are classified in the following three components:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets; net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations, of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net assets consist of net assets of the CSA that are not restricted for any project or other purpose.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: OTHER RECEIVABLE

The CSA entered into four separate agreements with Apple Valley Ranchos Water Company (Utility) to construct distribution facilities for the purpose of furnishing public utility water service to the Apple Valley Airport. The CSA advanced the amount of \$260,585 to cover the cost of these facilities. The CSA is reimbursed by the Utility 2 1/2 percent of the cost per year for 40 years. The current amount outstanding at June 30, 2006, is \$194,124. Of this amount \$13,029 is the current other receivable and \$181,095 is the noncurrent other receivable.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 3: CAPITAL ASSETS

The statement of net assets includes those capital assets among the assets of County Service Area No. 60 as a whole, and their original costs are expensed annually over their useful lives. Capital assets activities during the year are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$ 3,076,135	\$ -	\$ -	\$ 3,076,135
Construction in Progress	1,113,824	28,723	1,113,824	28,723
Total capital assets, not being depreciated	4,189,959	28,723	1,113,824	3,104,858
Capital assets, being depreciated:				
Land Improvements	3,740,428	1,366,001	-	5,106,429
Structures	1,676,006	4,773,090	56,894	6,392,202
Equipment and Vehicles	332,675	104,096	33,232	403,539
Total capital assets, being depreciated	5,749,109	6,243,187	90,126	11,902,170
Less accumulated depreciation for:				
Land Improvements	(1,431,737)	(213,341)	-	(1,645,078)
Structures	(958,769)	(74,210)	964	(1,032,015)
Equipment and Vehicles	(235,995)	(27,035)	2,215	(260,815)
Total accumulated depreciation	(2,626,501)	(314,586)	3,179	(2,937,908)
Total capital assets, being depreciated, net	3,122,608	5,928,601	93,305	8,964,262
Capital assets, net	<u>\$ 7,312,567</u>	<u>\$ 5,957,324</u>	<u>\$ 1,207,129</u>	<u>\$ 12,069,120</u>

Construction in Progress

Construction in progress represents the following projects:

Project Title	Budget	YTD Expenses	Projected Completion Date
Expansion of Terminal Apron	\$ 236,250	\$ 6,851	2007
Apple Valley Complex-Phase II	1,150,000	21,422	2007
Sign and Electrical upgrades	74,388	450	2007
Total		<u><u>\$ 28,723</u></u>	

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 4: RETENTIONS PAYABLE

The District retains 10% of construction contracts until contracts are completed and approved. At June 30, 2006, the District's Retentions Payable balance was \$174,714. Of retentions payable, \$149,421 is related to the construction phase of the South Ramp Hangar Development and \$25,293 is related to the construction phase of the Asphalt Construction.

NOTE 5: RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), and the South Coast Air Quality Management District (AQMD), were later included, along with the County of San Bernardino (County), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2006.

Funding Policy *(Amounts reported in thousands)*

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.89% - 12.65% for general members and 10.85% - 14.77% for safety members, of their annual covered salary of which the County pays approximately 7%.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 5: RETIREMENT PLAN – Continued

County of San Bernardino employer contribution rates are as follow: County General 10.8%, County safety 23.84%. All employers combined are required to contribute 13.01% of the current year covered payroll. For 2006, the County's annual pension cost of \$166,614 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2006, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 166,614
Interest On Pension Assets	(34,207)
Adjustment To The Annual Required Contribution	40,156
Annual Pension Cost	<u>172,563</u>
Annual Contributions Made	<u>166,614</u>
Increase/(Decrease) in Pension Assets	(5,949)
Pension Asset, Beginning of Year (As Restated)	<u>844,882</u>
Pension Asset, End of Year	<u><u>\$ 838,933</u></u>

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year Ended June 30,	Annual Pension Cost		Percentage Contributed
	SBCERA	County	
2004	\$ 652,325	\$ 540,106	100%
2005	161,906	141,450	100%
2006	197,343	166,614	100%

The County, along with the AQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2006 is \$439,879.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

NOTE 5: RETIREMENT PLAN – *Continued*

principal amounts of \$189,070, \$149,825, and \$125,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the S.B.C.E.R.A. The current amount outstanding at June 30, 2006 is \$461,665.

NOTE 6: FEDERAL AND STATE GRANTS

From time to time the CSA may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

NOTE 7: SELF INSURANCE

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$25 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II.

Workers' compensation claims are self-insured up to \$2 million per occurrence, and covered by CSAC EIA for up to \$10 million for employer's liability, and up to \$50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25,000 deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim. Maximum coverage under the policy is \$11.5 million per claim with an additional \$10 million in limits provided by the CSAC EIA General Liability II Program.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department (Department) except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR and IBNS liabilities stated on the Department's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 4.25%. It is the Department's practice to obtain actuarial studies on an annual basis.

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006

NOTE 7: SELF INSURANCE - *Continued*

The Department has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation, and medical malpractice programs. The Department's investment in the agreements totaled \$47.7 million at June 30, 2006.

The total claims liability of \$127.2 million reported at June 30, 2006 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2005 and 2006 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
2004-05	\$101,709	\$44,309	(\$30,304)	\$115,714
2005-06	\$115,714	\$46,926	(\$35,407)	\$127,233

NOTE 8: TRANSFERS IN/OUT

Interfund Transfers In/Out transactions are used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital project funds. For year ended June 30, 2006, the CSA made the following Interfund Transfers In and Out:

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006**

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
RET	Operating transfers for capital projects	\$ 753,000
REE	Operating transfers for capital projects	700,000
RAI	Operating transfers to capital projects funds	(1,453,000)
RAI	Operating transfers from capital projects funds	1,225,000
RET	Operating transfers to operating fund	(225,000)
REE	Operating transfers to operating fund	<u>(1,000,000)</u>
Net Interfund Transfers		<u><u>\$ -</u></u>